Australian Government

Australian Charities and Not-for-Profit Commission

The Australian Charities and Not-for-profits Commission

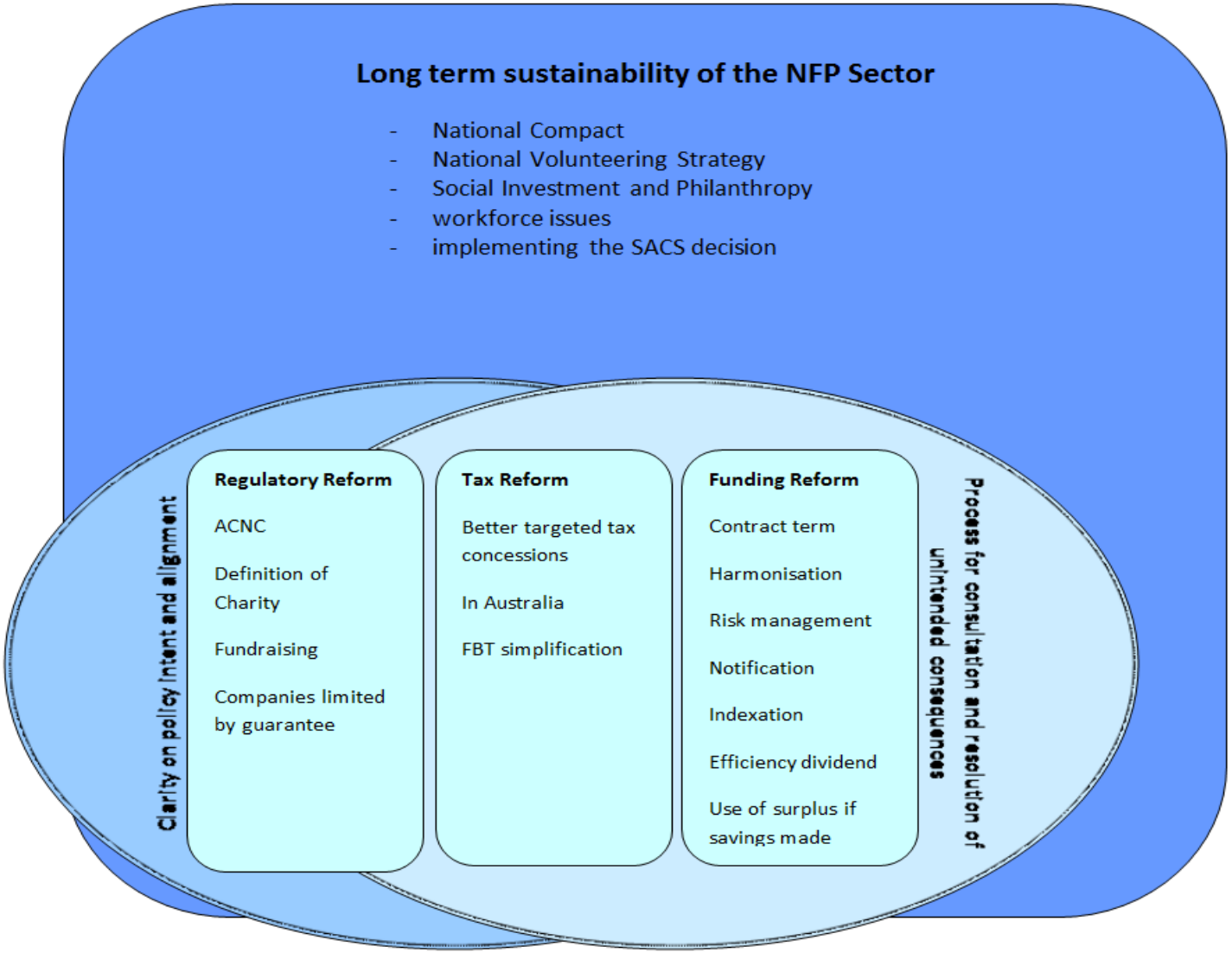
Presentation to Centre of Excellence

by

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20 April 2012

Whole-of-Government reform



Source:
Department of Prime Minister and Cabinet

Where do we fit?

- PM&C – Office of the NFP Sector
  - National NFP Reform Council - Secretariat
  - Oversight social inclusion agenda
  - National Compact
  - Manage National Volunteering Strategy
- Treasury - Policy development and legislation
  - *Australian Charities and Not-for-profits Commission Bill*
  - *Better Targeting of NFP Tax Concessions & 'in Australia' requirements*
  - *Statutory definition of charity*
  - *Reviews of*
    - » *Governance arrangements*
    - » *Fundraising regulation*
    - » *Companies Limited by Guarantee*

Where do we fit?

- Australian Tax Office – Non-Profit Centre
  - Endorsement for tax concessions
    - » Income Tax exemption
    - » Deductible Gift Recipient (DGR)
    - » Fringe Benefits Tax exemption or rebate
    - » GST Concessions
    - » Refund of franking credits
- ACNC
  - Registration of charities (including Public Benevolent Institutions) for Commonwealth purposes from 1 October 2012
  - Establish Reporting Framework and Information Portal
  - Work with Commonwealth, State and Territory agencies to consolidate reporting and reduce compliance burden
  - Work to Assistant Treasurer David Bradbury who reports to Treasurer

Early Decisions re ACNC

- Independent statutory body
  - report to Parliament (through Minister)
  - own appropriation
- Back office services from ATO including IT support and payroll
- MOUs to be developed with Taxation Commissioner to ensure budgetary and staffing independence
- Headquarters in Melbourne & presence in Canberra
- Budget of $53.6m over four years 2011 – 14 (including IT build)

Role of the Regulator

- Register charities (ATO apply tax concessions)
- Establish and maintain an up-to-date, publicly searchable register of charities
- Establish a one-stop-shop for charities ->
  - apply for ABN,
  - apply for charity registration,
  - access Commonwealth tax concessions, *and*
  - *potentially access other services including state and territory tax concessions*

Role of the Regulator

- Provide a ‘report once, use often’ service for charities to assist in reduction of regulatory impost *with co-operation of States/Territories*
- Provide information and guidance for the sector
- Promote public trust and confidence in the sector
- Monitor compliance and investigate regulatory breaches

Regulatory Approach

- Light-touch, risk-based, evidence-based approach
- Emphasise *mainstreaming*; encourage *public watchdogs;* adopt *dual track approach*
- Provide information, guidance and education
- Use graduated powers, provide opportunity for self-correction
- Regulatory Principles: relevance, proportionality, consistency, transparency, timeliness.

What does this mean for charities?

- From 1 October 2012 all new charity registration will be through the Australian Charities and Not-for-profits Commission
- Charities currently endorsed by the ATO will be automatically registered with ACNC
- Ongoing eligibility will be reviewed following passage of the new charities legislation in 2013
- Annual reporting to ACNC will be required of all registered charities from 1 July 2013
- To reduce compliance burden, this information will be provided to other federal government agencies
- Information will be available to the public through the online portal from 1 July 2013
- The broader NFP sector may need to register in the future - but not now

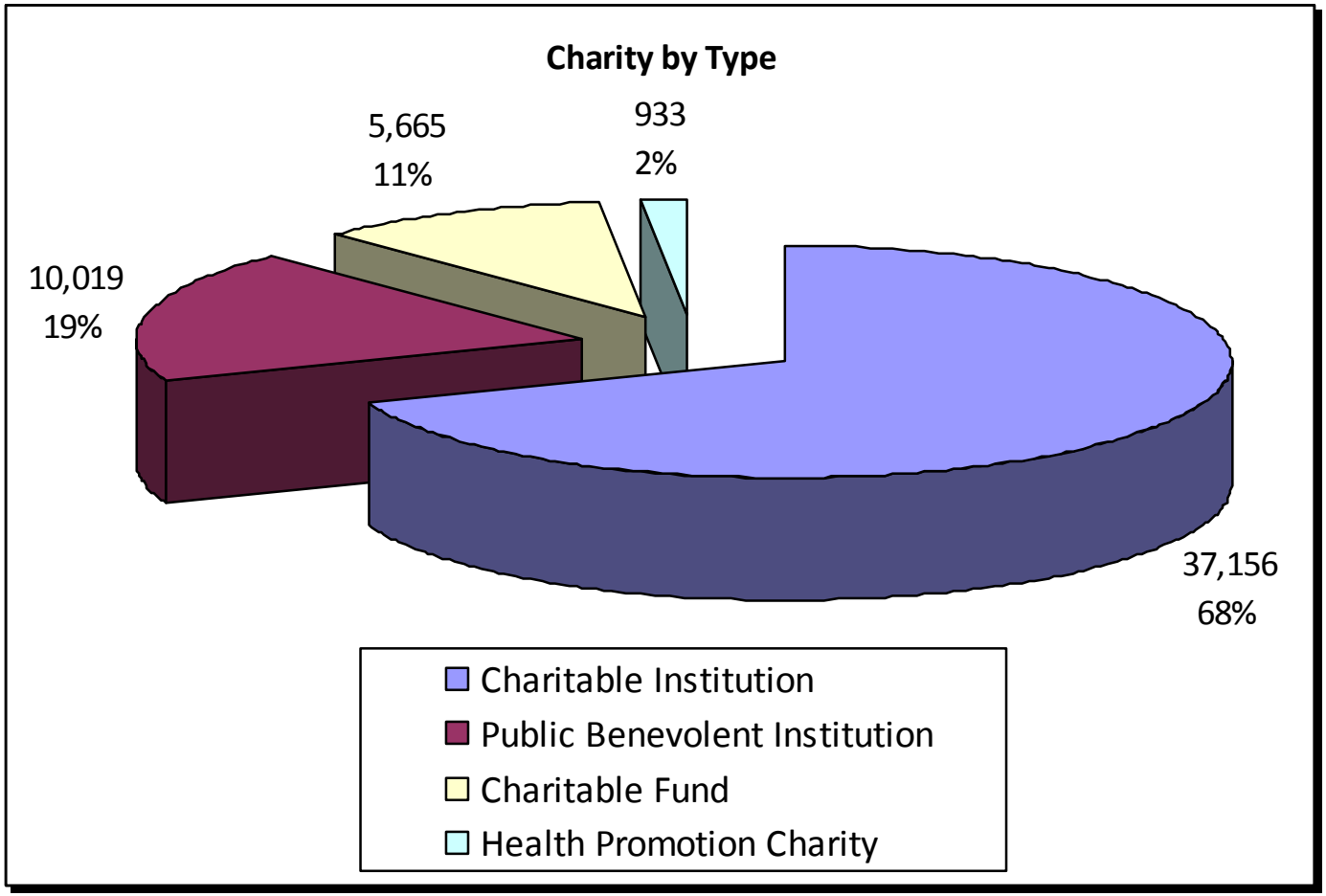
Who's In? – Who's Out?

1. Estimated 600,000 Australian NFPs
2. Charities make up approximately 10% (around 54,000) of total NFPs
3. Initially, only charities captured by the ACNC legislation – approximately 540,000 NFPs unaffected at commencement

Source:

1. Productivity Commission Research Report January 2010 "Contribution of the Not-For-Profit Sector" - figures based on various sources (page 58) and are estimates only.
2. Australian Taxation Office "Taxation Statistics 2008-2009".

Types of Charities



Source:
Australian Taxation Office "Taxation Statistics 2008-2009" – represents active tax concession charities as at 31 October 2010

Reporting, Audit, Review

- Proportional reporting based on three tiers
  1. **Small** - revenue up to $250,000 & not a DGR
  2. **Medium** - revenue of up to $1 million if a DGR; or between $250,000 & $1 million if not a DGR
  3. **Large** - revenue greater than $1 million

§ **Medium Entities** - Financial Report to be audited or reviewed

§ **Large Entities** – Financial Report must be audited

Issues raised so far

- Support role of ACNC as national regulator, mindful of diversity of NFP sector
- Red tape reduction is critical
- Support tiered financial and governance reporting
- Need to work with other regulatory, government and intelligence agencies
- Must not forget needs of small charities, reliant on volunteers and located in remote areas
- Maintain mission and purpose

Where to from here

- ACNC Implementation Report released in May
- Recruitment
- Consultation on regulatory approach and Strategic Planning – May-June
- ACNC Bill introduced - June
- Location 747 Collins St Melb from 16 June
- 3 Month transition: July –October
- ACNC begins formal operation 1 October, 2012

Thankyou

Comments or Questions?

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